



MUTHOOT CAPITAL SERVICES LIMITED

CIN: L67120KL1994PLC007726

FAIR PRACTICE CODE

This Policy was approved by the Board of Directors at the meeting held on April 02, 2012 and subsequently reviewed on November 10, 2017, January 13, 2018, January 18, 2019, July 28, 2020, February 02, 2022, April 29, 2023 and May 23, 2024

Version Control:

Sl. No.	Name of Policy	Version	Board approval date	Remarks
1.	Fair Practice Code	v1.0	02/04/2012	Policy document approved.
2.	Fair Practice Code	v1.1	10/11/2017	Changes in Customer Grievance Redressal Officer details.
3.	Fair Practice Code	v1.2	13/01/2018	Clause relating to transfer of borrowal account incorporated.
4.	Fair Practice Code	v1.3	18/01/2019	Changes in Customer Grievance Redressal Officer details.
5.	Fair Practice Code	v1.4	28/07/2020	Modified the clauses relating to Objectives, Applications for Loans and their Processing, and Loan Appraisal and Terms / Conditions.
6.	Fair Practice Code	v1.5	02/02/2022	No changes were made.
7.	Fair Practice Code	v1.6	29/04/2023	Changes in Customer Grievance Redressal Officer details & additional statement on integrated ombudsman scheme
8.	Fair Practice Code	V1.7	23/05/2024	<p>Inserted Clause IV (Penal Charges on Loan Accounts).</p> <p>Deleted Point Number 3 & 4 in the Clause VII (General Clause).</p> <p>Redrafted Clause VIII (Repossession of Security).</p> <p>Inserted Clause IX (Closure and Release of NOC).</p> <p>Inserted Clause X (Loans Sourced over Digital Lending Platforms).</p>

				Inserted Clause XII (A paragraph on internal ombudsman is mentioned under Integrated Ombudsman Scheme).
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FAIR PRACTICE CODE

This fair practice code sets out the minimum practices to be followed by the Company while dealing with the customers. This code is formulated in pursuance of the guidelines issued by the Reserve Bank of India on fair practice code for NBFCs, to ensure better service and provide necessary information to customers to take informed decisions.

I. OBJECTIVES

This code has been developed to:

1. Promote good and fair practices by setting standards in dealing with the customers.
2. To provide the necessary information to the customers, to increase the transparency in the dealings, to appraise them of the services rendered by the Company so that the customers can take informed decision.
3. To promote a fair and cordial relationship with the customers.
4. To encourage market forces through competition, to achieve higher operating and transparency standards.

II. APPLICATIONS FOR LOANS AND THEIR PROCESSING

1. All communications to the borrower shall be in the vernacular language or in a language as understood by the borrower.
2. Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form indicates the documents required to be submitted along with the application form. It shall also specify the charges payable by the borrower for availing of the loan and also during the currency of the loan till its closure.
3. The Company shall provide acknowledgement for receipt of all loan applications through SMS in the registered mobile number of the applicant. The acknowledgement includes the time frame within which loan applications will be disposed.

III. LOAN APPRAISAL AND TERMS/CONDITIONS

1. The Company shall convey in writing to the borrower in the vernacular language or in a language as understood by the borrower, by means of sanction letter, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest, all other charges payable either upfront or during the tenure of the loan till its closure, the method of application thereof and shall keep on record the acceptance of these terms and conditions by the borrower.

2. The loan agreement shall also contain a clause for charging the penal interest, if any, for late repayment in bold.
3. The Company shall ensure that a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement is handed over to the borrower at the time of sanction/disbursement of the loan.

IV. PENAL CHARGES IN LOAN ACCOUNTS

1. Penalty if charged for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as penal charges and shall not be levied in the form of penal interest that is added to the rate of interest charged on the advances.
2. There shall be no capitalization of penal charges ie no further interest shall be computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
3. The Company shall amend the Board approved policy to include clauses for penal charges.
4. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
5. The quantum and reason for penal charges shall be clearly disclosed by NBFCs to the customers in the loan agreement.
6. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

V. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS

1. The Company shall give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges, etc.
2. Any changes in interest rates and charges shall be effected only prospectively. The loan agreement shall contain the necessary provisions in this regard.
3. Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.
4. The Company shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company shall have against the borrower. If the right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining

claims and the conditions under the company is entitled to retain the securities till the relevant claim is settled/paid.

VI. RATE OF INTEREST

1. The Company shall frame appropriate internal principles and procedures for determining the interest rates and processing and other charges, if any, and also to ensure that they are not excessive. The Company shall, at the time of disbursement, ensure that the interest rate and other charges, if any, on loan and advances are in strict adherence to above referred internal principles and procedures.
2. The Company shall disclose in the application form and explicitly in the sanction letter, the rate of interest and the approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers.
3. The Company shall publish the rates of interest and the approach for gradation of risks in the relevant newspapers or in the website of the Company and shall be updated whenever there is a change in the rate of interest.
4. The Company shall also mention the annualized rates so as to make the borrower aware of the exact rates that would be charged to the account.

VII. GENERAL

1. The Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
2. In the matter of recovery of loans, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans.
3. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.

VIII. REPOSSESSION OF SECURITY

The Company shall include a built-in re-possession clause in the loan agreement with the borrower which shall be legally enforceable. To ensure transparency, the terms and conditions of the loan agreement shall also contain provisions regarding:

- a. notice period before taking possession.
- b. circumstances under which the notice period can be waived.
- c. the procedure for taking possession of the security.

- d. a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property.
- e. the procedure for giving repossession to the borrower, and
- f. the procedure for sale / auction of the property.

A copy of such terms and conditions shall be made available to the borrowers.

IX. Closure and Release of NOC:

- a) The Company shall release NOC for loan closure and remove hypothecation over movable/immovable property within a period of 30 days from the date of full repayment/settlement of the loan account.
- b) The borrower shall be given the option of collecting the original movable/ immovable property documents either from the outlet/branch where the loan account was serviced or from any other office of the Company where the documents are available, as per his/her preference.
- c) The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued on or after the effective date.

Release of Gold collateral in case of Smart Plus Loan scheme: Upon closure of the loan account, customer can approach the same Muthoot Fincorp Branch where the Gold collateral has been submitted by the customer. In case customer has expired, the legal heir(s) shall provide the following documents along with the safe custody receipt to release the gold collateral:

- a) Death Certificate of the customer
- b) Legal Heir Certificate or Succession Certificate of legal heir(s) of the deceased
- c) KYC document of the legal heir(s).

Gold under safe custody shall be handed over to the legal heir(s) after successful verification of the above submitted documents. Legal heir will have to sign a customer acknowledgement letter at the applicable branch post receiving the collateral from Muthoot Fincorp Branch.

X. Loans Sourced over Digital Lending Platforms

1. Names of digital lending platforms engaged as agents shall be disclosed on the website of NBFCs.
2. Digital Lending Platforms engaged as agents shall be directed to disclose upfront to the customer, the name of the NBFC on whose behalf they are interacting with him.
3. Immediately after sanction but before execution of the loan agreement, the sanction letter shall be issued to the borrower on the letter head of the NBFC concerned.

4. A copy of the loan agreement along with a copy of all enclosures quoted in the loan agreement shall be furnished to all borrowers at the time of sanction/ disbursement of loans.
5. Effective oversight and monitoring shall be ensured over the digital lending platforms engaged by the Company.
6. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

XI. CUSTOMER GRIEVANCE

All disputes arising out of the decisions of the functionaries in relation to the products and services shall be heard and disposed off at least at the next higher level. Therefore, the following 'Grievances Redressal Mechanism' is put in place.

- If you have any complaint/grievance, kindly contact:

Mr. Pratap K Bydan

Associate Vice President – Customer Grievances

Muthoot Capital Services Limited,

2nd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035

Ph.: 0484 - 6619600, 6613452

Email: pratap.b@muthootcap.com

- If you desire to escalate your complaint/grievance to senior level, please write to:

Mr. Vijayan T.

Vice President - Operations and IT

Muthoot Capital Services Limited,

3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035

Ph.: 0484 - 6619600, 6613624

Email: vijayan.t@muthootcap.com

- If the complaint/grievance is not redressed within a period of one month, the customer may appeal to:

The General Manager

Department of Non-Banking Supervision

Reserve Bank of India

Bakery Junction, P.B No. 6507,

Thiruvananthapuram - 695 033

Ph.:0471-2338818, 2329676

Email: dnbsthira@rbi.org.in

As per the RBI Integrated Ombudsman Scheme, customer can register a complaint to RBI ombudsman in cms.rbi.org.in if,

1) the complaint was rejected wholly or partly by the Regulated Entity, and the complainant is not satisfied with the reply; or the complainant had not received any reply within 30 days after the Regulated Entity received the complaint; and

2) the complaint is made to the Ombudsman within one year after the complainant has received the reply from the Regulated Entity to the complaint or, where no reply is received, within one year and 30 days from the date of the complaint.

XI. INTEGRATED OMBUDSMAN SCHEME

The Rejected complaints, whether partially or fully, shall be escalated to the Internal Ombudsman (IO) to ensure proper closure of complaints.

XII. REVIEW

A review of the compliance of the Fair Practices Code and the functioning of the Grievance Redressal Mechanism will be carried out by the Board of Directors every year.

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